

AMENDED IN SENATE MARCH 29, 2005

Senate Constitutional Amendment

No. 12

Introduced by Senator Torlakson

February 23, 2005

Senate Constitutional Amendment No. 12—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 8 of Article XVI thereof, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

SCA 12, as amended, Torlakson. Education finance: minimum amount.

Existing provisions of the California Constitution require that specified state funds be applied annually for the support of school districts and community college districts in an amount not less than the greater of the amounts calculated under 3 different tests: (1) the amount that as a percentage of General Fund revenues appropriated for school districts and community college districts is equal to the percentage of General Fund revenues appropriated for that purpose in the 1986–87 fiscal year, (2) the amount required to ensure that the total allocations to school districts and community college districts from General Fund proceeds of taxes and allocated local proceeds of taxes are not less than the total amount from these sources in the prior fiscal year adjusted for changes in enrollment and cost of living, operative only in a fiscal year in which the percentage growth in per capita personal income is less than or equal to the percentage growth in per capita General Fund revenues plus .5%, or (3) the amount calculated pursuant to (2), but adjusted for changes in enrollment and the change in per capita General Fund revenues, operative only when the percentage growth in per capita personal income is greater than the percentage growth in per capita General Fund revenues plus .5%.

Existing provisions of the California Constitution also permit the suspension of these provisions by the Legislature, with certain requirements, and provide that school districts or community college districts are entitled to a maintenance factor, as specified, if these provisions are suspended by the Legislature, or if funding of the public education system is computed pursuant to test (3), as described above.

This measure would require a maintenance factor determined for any fiscal year to be allocated in full to school districts and community college districts, with interest, no later than 3 fiscal years following the fiscal year in which the entitlement to the maintenance factor arose.

The measure would entitle school districts and community college districts to an additional allocation, for each fiscal year during which there exists an outstanding maintenance factor, that is equal to the sum of all maintenance factors for prior fiscal years that have not been allocated in full, adjusted for changes in enrollment, and adjusted for the change in the cost of living. The measure would provide for the payment of this amount in each fiscal year in which there exists no outstanding maintenance factor, in accordance with certain requirements.

The measure would impose additional conditions on the authority of the Legislature to suspend the obligation to provide the minimum educational funding described above, including the requirements that the Governor issue a proclamation declaring a severe state fiscal hardship and that the Legislature provide for the allocation of the maintenance factor as required by this measure.

The measure would also provide that, if the Legislature suspends the minimum educational funding obligation for a fiscal year, the total allocations made to school districts and community college districts and allocated local proceeds of taxes for that fiscal year must, in the aggregate, equal not less than 92% of the aggregate amount of those allocations made in the prior fiscal year.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

- 1 *Resolved by the Senate, the Assembly concurring,* That the
- 2 Legislature of the State of California at its 2005–06 Regular
- 3 Session commencing on the sixth day of December 2004,
- 4 two-thirds of the membership of each house concurring, hereby

1 proposes to the people of the State of California, that the
2 Constitution of the State be amended as follows:

3 That Section 8 of Article XVI thereof is amended to read:

4 SEC. 8. (a) From all state revenues there shall first be set
5 apart the moneys to be applied by the State for support of the
6 public school system and public institutions of higher education.

7 (b) Commencing with the 1990–91 fiscal year, the moneys to
8 be applied by the State for the support of school districts and
9 community college districts shall be not less than the greater of
10 the following applicable amounts:

11 (1) The amount that, as a percentage of General Fund revenues
12 that may be appropriated pursuant to Article XIII B, equals the
13 percentage of General Fund revenues appropriated for school
14 districts and community college districts, respectively, in the
15 1986-87 fiscal year.

16 (2) The amount required to ensure that the total allocations to
17 school districts and community college districts from General
18 Fund proceeds of taxes appropriated pursuant to Article XIII B
19 and allocated local proceeds of taxes are not less than the total
20 amount from these sources in the prior fiscal year, excluding any
21 revenues allocated pursuant to subdivision (a) of Section 8.5,
22 adjusted for changes in enrollment and adjusted for the change in
23 the cost of living pursuant to paragraph (1) of subdivision (e) of
24 Section 8 of Article XIII B. This paragraph is operative only in a
25 fiscal year in which the percentage growth in California per
26 capita personal income is less than or equal to the percentage
27 growth in per capita General Fund revenues plus one-half of one
28 percent.

29 (3) (A) The amount required to ensure that the total
30 allocations to school districts and community college districts
31 from General Fund proceeds of taxes appropriated pursuant to
32 Article XIII B and allocated local proceeds of taxes equal the
33 total amount from these sources in the prior fiscal year, excluding
34 any revenues allocated pursuant to subdivision (a) of Section 8.5,
35 adjusted for changes in enrollment and adjusted for the change in
36 per capita General Fund revenues.

37 (B) In addition to the amount computed pursuant to
38 subparagraph (A), an amount equal to one-half of one percent
39 times the prior year total allocations to school districts and
40 community colleges from General Fund proceeds of taxes

1 appropriated pursuant to Article XIII B and allocated local
2 proceeds of taxes, excluding any revenues allocated pursuant to
3 subdivision (a) of Section 8.5, adjusted for changes in
4 enrollment.

5 (C) This paragraph is operative only in a fiscal year in which
6 the percentage growth in California per capita personal income in
7 a fiscal year is greater than the percentage growth in per capita
8 General Fund revenues plus one-half of one percent.

9 (c) In any fiscal year, if the amount computed pursuant to
10 paragraph (1) of subdivision (b) exceeds the amount computed
11 pursuant to paragraph (2) of subdivision (b) by a difference that
12 exceeds one and one-half percent of General Fund revenues, the
13 amount in excess of one and one-half percent of General Fund
14 revenues shall not be considered allocations to school districts
15 and community colleges for purposes of computing the amount
16 of state aid pursuant to paragraph (2) or (3) of subdivision (b) in
17 the subsequent fiscal year.

18 (d) In any fiscal year in which school districts and community
19 college districts are allocated funding pursuant to paragraph (3)
20 of subdivision (b) or pursuant to subdivision ~~(g)~~ (h), they shall be
21 entitled to a maintenance factor, equal to the difference between
22 (1) the amount of General Fund moneys that would have been
23 appropriated pursuant to paragraph (2) of subdivision (b) if that
24 paragraph had been operative or the amount of General Fund
25 moneys that would have been appropriated pursuant to
26 subdivision (b) had subdivision (b) not been suspended, and (2)
27 the amount of General Fund moneys actually appropriated to
28 school districts and community college districts in that fiscal
29 year.

30 (e) The maintenance factor for school districts and community
31 college districts determined pursuant to subdivision (d) for any
32 fiscal year shall be adjusted annually for changes in enrollment,
33 and adjusted for the change in the cost of living pursuant to
34 paragraph (1) of subdivision (e) of Section 8 of Article XIII B,
35 until it has been allocated in full. The maintenance factor shall be
36 allocated in full, in a manner determined by the Legislature,
37 including interest as provided by law, no later than the end of the
38 third fiscal year following the fiscal year in which the entitlement
39 to the maintenance factor arose pursuant to subdivision (d). The
40 interest paid on a maintenance factor shall not be considered an

1 allocation to school districts and community college districts for
2 purposes of this section for any fiscal year.

3 *(f) (1) For each fiscal year during which there exists an*
4 *outstanding maintenance factor from a prior fiscal year pursuant*
5 *to subdivision (d), school districts and community college*
6 *districts shall be entitled to an allocation, in addition to the*
7 *amounts allocated pursuant to subdivisions (b) and (d), equal to*
8 *the sum of all maintenance factors for prior fiscal years that have*
9 *not been allocated in full pursuant to subdivision (e), adjusted for*
10 *changes in enrollment, and adjusted for the change in the cost of*
11 *living pursuant to paragraph (1) of subdivision (e) of Section 8 of*
12 *Article XIII B.*

13 *(2) Payment of the allocation entitlement provided for by this*
14 *subdivision shall be made, in a manner determined by the*
15 *Legislature, in each fiscal year in which there exist no*
16 *outstanding maintenance factors pursuant to subdivision (d) and*
17 *in which the percentage growth in per capita General Fund*
18 *revenues exceeds the percentage growth in California per capita*
19 *personal income.*

20 *(3) The minimum amount to be allocated in a fiscal year*
21 *pursuant to this subdivision shall be equal to the product of*
22 *General Fund revenues from proceeds of taxes and one-half of*
23 *the difference between the percentage growth in per capita*
24 *General Fund revenues from proceeds of taxes and the*
25 *percentage growth in California per capita personal income, not*
26 *to exceed the total dollar amount of the allocation required*
27 *pursuant to this subdivision.*

28 *(4) The allocation required by this subdivision shall not be*
29 *considered allocations to school districts and community*
30 *colleges for purposes of computing the amount of state aid*
31 *pursuant to paragraph (2) or (3) of subdivision (b) in the*
32 *subsequent fiscal year.*

33 ~~(f)~~

34 *(g) For purposes of this section, “changes in enrollment” shall*
35 *be measured by the percentage change in average daily*
36 *attendance. However, in any fiscal year, there shall be no*
37 *adjustment for decreases in enrollment between the prior fiscal*
38 *year and the current fiscal year, unless there have been decreases*
39 *in enrollment between the second prior fiscal year and the prior*

1 fiscal year and between the third prior fiscal year and the second
2 prior fiscal year.

3 ~~(g)~~—

4 *(h)* (1) Subparagraph (B) of paragraph (3) of subdivision (b)
5 may be suspended for one fiscal year only if made part of or
6 included within any bill enacted pursuant to subdivision (c) of
7 Section 12 of Article IV.

8 (2) All other provisions of subdivision (b) may be suspended
9 for one fiscal year by the enactment of an urgency statute
10 pursuant to Section 8 of Article IV, provided that all of the
11 following conditions are met:

12 (A) The urgency statute is not made part of or included within
13 any bill enacted pursuant to subdivision (c) of Section 12 of
14 Article IV.

15 (B) The Governor issues a proclamation declaring that the
16 suspension is necessary due to a severe state fiscal hardship.

17 (C) The urgency statute provides for the allocation, as required
18 by subdivision (e), of the maintenance factor arising from that
19 suspension.

20 (D) There does not exist an outstanding maintenance factor.

21 ~~(h)~~—

22 *(i)* The specified provisions of subdivision (b) may not be
23 suspended pursuant to paragraph (2) of subdivision ~~(g)~~ *(h)* for
24 more than two fiscal years during any period of 10 consecutive
25 fiscal years.

26 ~~(i)~~—

27 *(j)* In the event of a suspension of the specified provisions of
28 subdivision (b) pursuant to paragraph (2) of subdivision ~~(g)~~ *(h)*
29 for any fiscal year, the total allocations to school districts and
30 community college districts from General Fund proceeds of taxes
31 appropriated pursuant to Article XIII B and allocated local
32 proceeds of taxes for that fiscal year shall, in the aggregate, equal
33 not less than 92 percent of the aggregate amount of those
34 allocations made in the prior fiscal year.